



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Naoko Ishii
CEO and Chairperson

July 9, 2014

Dear Council Member:

The World Bank as the Implementing Agency for the project entitled: ***Philippines: LME-EA Philippine Rural Development Program*** under the Regional: *LME-EA Scaling Up Partnership Investments for Sustainable Development of the Large Marine Ecosystems of East Asia and their Coasts (PROGRAM)*, has submitted the attached proposed project document for CEO endorsement prior to final approval of the project document in accordance with World Bank procedures.

The Secretariat has reviewed the project document. It is consistent with the proposal approved by Council in November 2011 and the proposed project remains consistent with the Instrument and GEF policies and procedures. The attached explanation prepared by The World Bank satisfactorily details how Council's comments and those of the STAP have been addressed. I am, therefore, endorsing the project document.

We have today posted the proposed project document on the GEF website at www.TheGEF.org. If you do not have access to the Web, you may request the local field office of UNDP or the World Bank to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,

Naoko Ishii
Chief Executive Officer and Chairperson

Attachment: GEFSEC Project Review Document

cc: Country Operational Focal Point, GEF Agencies, STAP, Trustee



WORLD BANK APPRAISAL STAGE: GEF DATA SHEET

PROJECT TYPE: FSP Endorsement
TYPE OF TRUST FUND: GEF Trust Fund

For more information about GEF, visit TheGEF.org

PROJECT INFORMATION

Project Title: Philippine Rural Development Program			
Country(ies):	Philippines	GEF Project ID: ¹	5281
GEF Agency(ies):	WB (select) (select)	GEF Agency Project ID:	P132424
Other Executing Partner(s):		Submission Date:	2013-08-01
GEF Focal Area (s):	Multifocal Area	Project Duration(Months)	72
Name of Parent Program (if applicable): ➤ For SFM/REDD+ <input type="checkbox"/>	Scaling up Partnership Investments in Large Marine Ecosystems in East Asia and their Coasts	Agency Fee (\$):	560,000

A. FOCAL AREA STRATEGY FRAMEWORK²

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
(select) BD-1	Outcome 1.1: Improved management effectiveness of existing and new protected areas. Indicator 1.1: Protected area management effectiveness score as recorded by Management Effectiveness Tracking Tool.	1.1 New protected areas (30-40) and coverage (10,000-14,000 ha) of unprotected ecosystems. 1.2 New protected areas (30-40) and coverage (10,000-14,000 ha) of unprotected threatened species(3-5)	GEF TF	3,000,000	279,672,234
(select) BD-2	Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation. Indicator 2.1: Landscapes and seascapes certified by internationally or nationally recognized environmental standards that incorporate biodiversity considerations (e.g. FSC, MSC) measured in hectares and recorded by GEF tracking tool. Outcome 2.2: Measures to conserve and sustainably	2.1 Policies and regulatory frameworks (1-2) for production sectors. 2.2 National and sub-national land-use plans (10-20) that incorporate biodiversity and ecosystem services valuation.	GEF TF	2,000,000	186,620,513

¹ Project ID number will be assigned by GEFSEC.

² Refer to the [Focal Area/LDCF/SCCF Results Framework](#) when completing Table A.

	use biodiversity incorporated in policy and regulatory frameworks. Indicator 2.2: Polices and regulations governing sectoral activities that integrate biodiversity conservation as recorded by the GEF tracking tool as a score.				
IW-2 (select)	<p>Outcome 2.2: Institutions for joint ecosystem-based and adaptive management for LMEs and local ICM frameworks demonstrate sustainability Indicator 2.2: Cooperation frameworks adopted and include sustainable financing;</p> <p>Outcome 2.3 Innovative solutions implemented for reduced pollution, rebuilding or protecting fish stocks with rights-based management, ICM, habitat (blue forest) restoration/conservation, and port management and produce measurable results. Indicator 2.3 Measurable results for reducing land-based pollution, habitat, and sustainable fisheries from local demonstrations;</p>	<p>Output 2.2: National and local policy/legal/ institutional reforms adopted/ implemented</p> <p>Output 2.3: Types of technologies and measures implemented in local demonstrations and investments.</p>	GEF TF	2,000,000	182,047,253
(select)			(select)		
(select)			(select)		
(select)			(select)		
(select)			(select)		
Total project costs				7,000,000	648,340,000

B. PROJECT FRAMEWORK

Project Objective: The Philippine Rural Development Project aims to increase rural incomes and enhance farm and fishery productivity in the targeted areas.

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
Component 1: Local	Inv	1.1: Enhancing the	(i) Enhanced planning,	GEF TF	1,400,000	17,420,000

and National Planning		AFMPs Process 1.2: Supporting AFMP Implementation	programming and budgeting guidelines (ii) Harmonized operation manuals for planning, programming and budgeting (iii) Enhanced / validated AFMP and RAFMPs (iv) Provincial Commodities Investment Plans (PCIPs) (v) Mid-term updating of AFMP and RAFMPs.			
Component 2: Infrastructure Development	Inv	2.1: Improved linkages from production areas to markets. 2.2: Higher productivity as a result of increased cropping intensity and yields. 3.3 Lower post-harvest losses resulting in higher volume of outputs.	(i) New road construction, road rehabilitation, and bridge construction. (ii) New irrigation projects and agricultural areas rehabilitated.	GEF TF	0	440,300,000
Component 3: Enterprise Development	Inv	3.1: Rural Agri-Fishery Enterprise Productivity, and Sustainability Enhancement 3.2: Technology and Information for Enterprise and Market Development	(i) Enterprises established and operated by proponent groups consisting of producer groups associations and/or private intermediaries as cluster members or leaders. (ii) Contractual or formalized marketing agreements forged. (iii) Support service agreements developed	GEF TF	5,600,000	160,620,000

			between enterprises and service providers.			
			(iv) Producers including smallholders adoption of climate-smart technologies.			
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
Subtotal					7,000,000	618,340,000
Project management Cost (PMC) ³				(select)		30,000,000
Total project costs					7000000	648,340,000

C. SOURCES OF CONFIRMED COFINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)

Please include letters confirming cofinancing for the project with this form

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
Other Multilateral Agencies	World Bank	Loan	485,000,000
National Government	Department of Agriculture, Philippine Government	In Kind	163,340,000
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
Total Co-financing			648,340,000

D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

Type of Trust Fund	Focal Area	Country Name/ Global	(in \$)		
			Grant Amount (a)	Agency Fee (b) ²	Total c=a+b
GEFTF	BD	Philippines	5,000,000	400,000	5,400,000
GEFTF	IW	Philippines	2,000,000	160,000	2,160,000
(select)	(select)				0
(select)	(select)				0
(select)	(select)				0
(select)	(select)				0
(select)	(select)				0
(select)	(select)				0
(select)	(select)				0

³ PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

Total Grant Resources	7,000,000	560,000	7,560,000
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¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

² Indicate fees related to this project.

E. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? N/A

(If non-grant instruments are used, provide in Annex D an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

ANNEX A: PROJECT PREPARATION GRANT (PPG) REPORTING⁴

A. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES FINANCING STATUS IN THE TABLE BELOW:

PPG Grant Approved at PIF:			
<i>Project Preparation Activities Implemented</i>	<i>GEF/LDCF/SCCF/NPIF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>
Total	0	0	0

ANNEX B: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/NPIF Trust Fund or to your Agency (and/or revolving fund that will be set up)

N/A

⁴ If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities; and report to Trustee on the closing of PPG in the quarterly report to Trustee.

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA8374

Public Disclosure Copy

Project Name	Philippine Rural Development Program (P132317)
Region	EAST ASIA AND PACIFIC
Country	Philippines
GEF Focal Area	Multi-focal area
Sector(s)	General agriculture, fishing and forestry sector (50%), Rural and Inter-Urban Roads and Highways (40%), Irrigation and drainage (10%)
Theme(s)	Rural services and infrastructure (40%), Climate change (20%), Rural markets (20%), Decentralization (10%), Rural non-farm income generation (10%)
Lending Instrument	Investment Project Financing
Project ID	P132317
Borrower(s)	Department of Finance
Implementing Agency	Department of Agriculture
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	09-Jun-2014
Date PID Approved/Disclosed	26-Feb-2013, 27-Feb-2013
Estimated Date of Appraisal Completion	31-May-2014
Estimated Date of Board Approval	29-Aug-2014
Decision	The Bank Task Team was authorized on December 18, 2012 to proceed with the appraisal of the Project. Appraisal of the Project commenced in February 2013 and was concluded in May 2014.

Public Disclosure Copy

I. Project Context
Country Context

1. Despite growing urbanization, 51% of the population of the Philippines remains rural. The contribution of the collective agribusiness sector accounts for 35% of the economy and about 50% of the labor force. However the Philippine rural economy has been characterized for many years by the low income levels of primary producers, low levels of rural employment, lack of food security, weak agricultural competitiveness and an overall high level of rural poverty.

2. Sector growth accelerated after 2001 following a period of protracted stagnation as real agriculture value-added grew at 3.7% per annum over the period 2000-2007. However, from 2008-2010, it fell to less than 1%, before increasing to 2.5% in 2011 and 2.23% in 2012. The first nine months of 2013 have shown a downward trend again (only 1.1% sector growth) due to the

severe devastations brought about by various strong typhoons. While the sector has not been the driver of overall growth, it has great potential for making the overall pattern of economic growth in the Philippines to be more inclusive. A key issue however has been the eroding competitiveness of the Philippine farm sector where the share of agricultural gross value added that is exported has declined.

3. The underlying reasons for the relatively poor performance of the sector have been extensively studied. Poorly developed infrastructure for transport, particularly roads, port facilities and inter-island shipping head the list of constraints. About half of rural villages in the country lack all-weather access to the main transport system. Of the overall road network of 196, 686 km, gravel roads make up about 52%, while 31% are earth. Only some 17% of the 121,442 km local (barangay) road network is paved, leaving a considerable backlog of FMRs to be developed. The spread of modern agricultural technology has also been constrained by a weak extension system and high costs of inputs. As a result, yields of most crops are well below potential. High post-harvest losses further reduce productivity, with losses ranging from 15% to 50% for fruits and vegetables, 15% for rice and 5% for corn. Market assistance has also been limited, contributing to poorly developed value chains for many commodities, while product standards and quality systems have been ineffectively regulated. The result has been an under-investment by the private sector in agriculture.

4. Related concerns have been that while some Philippine agriculture products have performed well in export markets and have significant revealed comparative advantage (i.e., bananas, papayas, mangoes, pineapple, fruit products, coconut products, abaca, sugar, and fresh vegetables), their production areas are disproportionately small. Both rice and corn cover some 40% of cultivated land, coconut 39.4%, bananas 5% and sugar 4.9%. Each of the other commodities, despite their comparative advantage, occupies less than 3% of the harvested area. Pineapples and tropical fruits, which had the highest revealed comparative advantage, each came from only 1% of the harvested area. This concentration on traditional crops, especially rice and corn, along with the declining factor productivity has resulted from past government policies through which (i) rice self-sufficiency has been the priority, with inadequate resources given to other commodities; (ii) production subsidies (fertilizer & seeds) have been emphasized, with inadequate attention to increasing access to markets, improving farm incomes and food supplies; and (iii) the strategic network of infrastructure needed to support commodity value chains has been neglected. However, considerable policy and strategic reforms have been introduced since 2010 that provide the basis on which the proposed PRDP has been designed.

5. The Philippines must also contend with the continuing degradation of its natural resources. It has experienced one of the highest rates of biodiversity loss with 284 species considered endangered. Coastal and marine resources continue to be degraded with less than 3% of the coral reefs still in excellent condition. Only 5% of mangrove cover is "old-growth". Although the Philippines has established approximately 1,300 marine protected areas (MPAs), only 10 to 15% are managed properly. In responding to this, a number of strategies have been adopted, notably the 2006 Executive Order 533 adopting Integrated Coastal Management as a national strategy and Executive Order 578 which established the national policy for biological diversity, highlighting the Sulu-Sulawesi Marine Ecosystem and Verde Island Passage Marine Corridor in Central Philippines. The Philippine Development Plan also emphasizes the need to support community-based efforts for protected area and coastal resource management.

6. Compounding the environmental degradation is the damage caused by frequent destructive weather conditions, which over the past decade resulted in losses averaging US\$ 500 million annually. This excludes the devastating damage and losses caused by Super-Typhoon Yolanda (International name Haiyan) which struck the Central Philippines during the period of project appraisal (November 8, 2013). As of December 12, 2013 there were 5,982 reported fatalities and many remained missing. Some 600,000 hectares of agricultural lands were affected of which coconut accounted for 73% of the area, rice 16% and corn 4%. Crop and fishery losses are estimated at PhP31 Billion including PhP4 Billion damage to irrigation and agricultural infrastructure. As a result, significant losses in rice production are expected in 2014 due to damaged paddy fields, irrigation systems, limited availability of seed, loss of draught animals and tools, inability to buy fertilizer and reduced availability of labor. Plantation development of coconut and other tree crops will take 6 to 9 years. Likewise, fisheries will take years to recover from loss and damage to boats, wharves, equipment, reefs and mangroves. Compounding all these, is the fact that the severely typhoon-affected areas were already among the poorest in the country in terms of family income, with poverty levels well above the national average of 22.3%, i.e., Eastern Samar 59.4%, Northern Samar 43.7%, Western Samar 36% and Leyte 31.9%. A major focus of PRDP will be directed to the rehabilitation of the productive capacity of agriculture and fishery sectors in these affected areas. With the Philippines being ranked high among the major global climate hotspots, sea level rise, temperature increase, changes in rainfall patterns and increasing frequency and intensity of extreme weather events are seemingly now inevitable. Adding to toll on human lives and productive capacity has been the 7.2 earthquake that struck Bohol, also in Central Philippines, in October 2013. Some 213 people died and damage amounted to some PhP1.6 billion. PRDP-supported activities would also be critical in rebuilding the agriculture and fisheries base of Bohol.

Sectoral and institutional Context

7. While the legacy of over a decade of deficient public policy for the agriculture sector will take time to rectify, much has changed under the current administration to reform policies and business practices. For the agricultural sector, these reforms have already been quite significant and provide a basis for a more programmatic engagement by the Bank than has been possible in the past. Previously, the Department of Agriculture (DA) followed “top-down” modalities without the active engagement of Local Government Units (LGUs) and stakeholders in planning or implementation. Although plans were routinely prepared by the DA Regional Field Offices (RFOs), these were often not supported through the budget process. Instead, interventions were determined by centrally managed programs supporting largely supply-driven commodity interventions providing fertilizers, seeds, planting material, animal dispersal etc. Integration between programs was often lacking. This was a major factor contributing to the unsuccessful implementation of the Bank-assisted Diversified Farm Income and Market Development Project (DFIMDP).

8. By contrast, the agricultural sector strategy (Agri-Pinoy) embodied in the Philippine Development Plan (PDP) for 2011-2016, now advances the principles of inclusive growth, food staple sufficiency, natural resource management and area-based development. The over-riding strategy is Government's “Poverty Agenda” and focus of programs such as PRDP on raising incomes, particularly in rural areas where majority of the country’s poor live and depend upon agriculture and fisheries for their livelihoods. The Government has developed several poverty tools and programs to better target poor households. Complementing this poverty agenda, Agri-Pinoy also includes strategies to: (i) institutionalize regionally-based, spatial planning (ii) develop a systems approach for both planning and resource allocation; (iii) provide the critical infrastructure

needed by priority value chains; and (iv) building a more resilient production base to accommodate fluctuations in global markets and effects of climate change (i.e., through climate-smart agriculture). The National Climate Change Action Plan (NCCAP) also highlights the priority to be given to the rural sector in pursuing climate adaptation measures. All these have been taken into consideration in the design of how to better prioritize PRDP interventions to targeted beneficiaries and areas.

9. Implementing the Agri-Pinoy sector strategy will, however, require a significant shift from DA's "top-down" business practices of the past. In response to this, the Department of Agriculture has initiated an Agriculture and Fisheries Modernization Planning process (AFMPs) through which strategic objectives are now formulated at the national level and translated through regional AFMPs into programs responsive to area-specific needs. This devolved planning and programming is backed up by budget reforms being implemented by the Department of Budget and Management (DBM). A central goal of the AFMP is to raise rural incomes, create employment and improve the competitiveness of the agriculture and fisheries sector. The strategy to achieve this would be through a value-chain, market-oriented and integrated service delivery approach. The strategy also recognizes that diversifying small-scale producers from traditional commodities to higher value commodities with established comparative advantage involves a number of institutional and structural rigidities that will take time and significant public and private resources to achieve. The new focus is to provide catalytic investments to spur economic development through critical rural infrastructure that has constrained the development of value chains, and to support the clustering and vertical and horizontal integration of small-scale producer groups and associations with those involved in agro-processing and marketing.

10. The PRDP has been designed to support both the institutional reforms outlined above, as well as the infrastructural and technological interventions needed to underpin the transformation of the sector's large number of small-scale producers to become more market-oriented and vertically-integrated with agri-business. The focus is on income generation and employment creation through the targeting of small-scale agricultural, livestock and fishery producers throughout the country with the potential to increase their productivity, but who lack the capacity to do so because of factors such as poor access to markets, lack of timely market information, inefficient post-harvest handling, dependence on intermediary traders, small volumes, inadequate finance, outdated production technology and unfamiliarity with benefits from improved, climate-smart technology. As such, the PRDP complements such programs as the NCDDP, CCT and BUB which target the most marginalized and most vulnerable of the poor through various social protection and community empowerment programs. The PRDP would be a flagship program of the Department of Agriculture and be implemented nationwide. It would be implemented through DA's existing units and agencies wherein staff capacity exists, although training and reorientation will be needed.

11. Under the PRDP, the targeting of interventions to raise incomes of poor farmers and fishers has been strengthened through Vulnerability and Suitability Assessments (eVSA) that are GIS-based and take account of socio-economic conditions, agricultural and fishery productive capacity as well as agronomic and fishery vulnerability and suitability. This is then used to enhance the GIS-based targeting of interventions and to tailor strategies to enhance climate resiliency of production. The eVSA tool takes account of socio-economic indicators such as poverty magnitude, poverty incidence, number of farmers and fishers, size of production area, etc. Geomaps have been prepared to help target interventions under the project. The strategies and targeting of income generating interventions through the eVSA is further refined through Value Chain Analysis (VCA); an

analytical tool that focuses on identifying priority commodity value chains, gaps and needs for particular areas. Through the PRDP therefore, the DA will be able to engage more effectively with the poorest producers/smallholders within the areas which have been determined to be relevant for the development of commodity value chains in the agricultural and fisheries sector. The subsequent implementation of the PRDP would also benefit from the ongoing strong collaboration between the Bank and the IFC on the World Bank Group's Joint Agribusiness Agenda which would help facilitate better synergies between public institutions and private sector entities in this development agenda.

12. As part of a comprehensive approach, GEF funding will provide support to critical areas which have a significant link to a commodity value chain and promote biodiversity conservation activities. The GEF grant would finance biodiversity and coastal resource management in PDRP areas where there is a need for more attention to conservation and where opportunities exist for enhancing integrated coastal management interventions and catalyzing their broader application and adoption. This would complement existing strategies and plans implemented by the country and would contribute to achieving sustainable development in the rural areas.

13. The design of PRDP draws on two Bank supported Rural Development Projects in Mindanao (MRDP 1 and 2); a program that has been successfully implemented over the past decade. In many respects, the design and approach of PRDP has included refinements based on lessons learned from the MRDP experience. The design also incorporates international experiences and lessons (e.g., from China, Indonesia, India & Latin America). Important design aspects gleaned from local and other country development experiences are that while the merits have been well established for supporting agricultural development in a devolved manner with community (bottom-up) participation in the selection and location of investments, there is also a need to be strategic in how such investments are made. In particular, the need to support the strengthening of value chains, competitiveness and climate resiliency from both a local and national perspective need to be addressed. The design and approach of PRDP therefore seeks to: (a) link national food security and commodity goals with support responding to localized agricultural suitability, vulnerability and comparative advantage; (b) raise productivity; and (c) facilitate the vertical integration of groups involved in agricultural, livestock and fishery production, with those involved in processing and marketing to enhance value chain efficiencies and value-adding. PRDP would continue the substantial rural infrastructure program being supported under MRDP2 in Mindanao and expand this to other areas of the country. Economic Internal Rates of Return for such infrastructure based on the MRDP2 experience are in the range of 34% for rural roads, 27% for irrigation and 39% for potable water supplies. Through a joint DA-DPWH Memorandum No. 1, July 18, 2013, reforms would be introduced to strengthen the transparency and accountability for selection, construction and maintenance of farm-to-market roads, including an upgrading of design standards, planning and technical oversight by DPWH. A comprehensive mid-term evaluation of the effectiveness of the rural road implementation under the Infrastructure Development component would be an integral part of the project's monitoring and evaluation system, in support of Government's strategy of strengthening convergence between the DA, DPWH, and other related agencies on standards and protocols for rural road construction and rehabilitation. To improve planning and monitoring under PRDP, there would be systematic geo-tagging and geo-mapping of all infrastructure with overlays showing agricultural and fisheries potential, climate vulnerability, socio-economic, poverty and market linkages. All other DA programs supporting infrastructure development have already been directed to follow the procedures and standards to be implemented under PRDP.

II. Project Development Objective(s) / Global Environmental Objective(s)

A. Project Development Objective(s)

The PRDP aims to increase rural incomes and enhance farm and fishery productivity in targeted areas.

The Project will promote more inclusive rural development by supporting smallholders and fishers to increase their marketable surpluses, and their access to markets. The PRDP would also support changes in the planning, resource programming and implementation practices of the Department of Agriculture. It will facilitate the integration and financing of priority local investments derived from the DA's agricultural and fisheries modernization plans which have been developed using a value chain approach, and through a consultative process with local stakeholders.

The results indicators for the Program are: (a) at least five (5) percent increase in annual real household incomes of farmer beneficiaries and 30% increase in incomes for targeted beneficiaries of Enterprise development, (b) seven (7) percent increase in value of annual marketed output, and (c) twenty (20) percent increase in the number of farmers and fishers with improved access to DA services.

B. Global Environmental Objective(s)

The Global Environment Objective (GEO) is to strengthen the conservation of the coastal and marine resource base in targeted program areas through biodiversity conservation and fisheries resources management. This would be achieved through (i) enhancing institutional and planning capacities of LGUs and communities, (ii) providing support to MPAs in particular areas of global biodiversity significance and select fishery co-management arrangements, and (iii) sharing of knowledge and best practices.

III. Project Description

Component Name

Component 1: Local and National Planning (US\$14.29 M equiv. IBRD&US\$1.40 M equiv. GEF grant)

Comments (optional)

- a) Subcomponent 1.1: Enhancing the AFMPs Process (\$11.61 M IBRD and US\$1.40 M GEF grant)
- b) Subcomponent 1.2: Supporting AFMP Implementation (\$2.68 M IBRD)

Component Name

Component 2: Infrastructure Development (US\$361.71 M IBRD)

Comments (optional)

- a) Sub-component 2.1: Value Chain Infrastructure Support (US\$354.47 million IBRD)
- b) Sub-component 2.2: Approaches for Improving the Effectiveness and Sustainability of Infrastructure Investments (US\$7.23 million IBRD)

Component Name

Component 3. Enterprise Development (US\$100 M IBRD and US\$5.60 M GEF grant)

Comments (optional)

- a) Subcomponent 3.1: Rural agri-fishery enterprise and productivity enhancement (estd. US\$90 M IBRD and estd. US\$3.36 M GEF)
- b) Subcomponent 3.2: Technology and Information for Enterprise and Market Development (US \$10M IBRD and US\$2.24M GEF)

Component Name

Component 4: Program Support (US\$24M IBRD)

Comments (optional)

This would support the day-to-day coordination, implementation, monitoring and evaluation of the PRDP across each of the 16 regions of the country. Technical assistance, training, workshops, equipment and incremental operating costs would be supported.

IV. Financing (in USD Million)

Total Project Cost:	671.59	Total Bank Financing:	501.25
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			163.34
International Bank for Reconstruction and Development			501.25
Global Environment Facility (GEF)			7.00
Total			671.59

V. Implementation

PRDP would be implemented over a six-year period. It covers the entire country comprising 16 Regions. However in light of the natural disasters that impacted the Central Philippines during 2013, it is expected that a portion of the Bank loan will be used to support the recovery of the agriculture and fisheries sectors in the affected areas. The Office of the Undersecretary for Operations would have overall management responsibility. A National Program Advisory Board (NPAB) is being established, and is being complemented by Regional Program Advisory Boards (RPABs) in each of regions. The project components are interlinked and mutually reinforcing. The Local and National Planning Component would be implemented by the DA regional planning units. Infrastructure investments would be managed by Provincial LGUs with technical back-stopping from the RPCO and PSO. Enterprise development by small scale producers, as well as broader technical support services would be managed by the Provincial LGUs with backstopping from technical agencies of the DA as well as other service providers, based on suitability. The RPCOs, generally under the leadership of the Regional Technical Director for Operations, would be responsible for coordinating inputs from DA Technical Agencies and other public and private sector providers, in supporting the implementation of the various Infrastructure and Enterprise subprojects of the PLGUs. Overall implementation support would be done under the Program Support Component through the PSOs for Mindanao, Visayas and Luzon and coordinated through the National Program Coordinating Office (NPCO). The PSOs will provide oversight and technical support to the RPCOs, including final review of subproject proposals and safeguard requirements. Institutional assessments have been undertaken of the capacity of DA RFOs and LGUs in the typhoon- affected areas to carry out the project. Agreements have been reached on a number of short to medium term measures to facilitate implementation. While the assessments largely show capacity per se has not changed, the increased demands on staff time in responding to recovery and reconstruction needs will be a constraint at least in the early years of the project. To accommodate this, the project would provide for the contracting of service providers (including from outside the region) to meet specific project needs and enhanced procurement and financial management support. Other short-term measures include the use of Rapid Market Assessments to identify priority commodities, rather than the more

comprehensive Value Chain Analyses, and more flexibility in clustering of farmers for enterprise development support.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36	x	
Pest Management OP 4.09	x	
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37	x	
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

World Bank

Contact: Carolina V. Figueroa-Gero
 Title: Lead Rural Development Specialist
 Tel: 5776+2645
 Email: cfigueroageron@worldbank.org

Borrower/Client/Recipient

Name: Department of Finance
 Contact: Ms. Stella Laureano
 Title: Director, International Finance Group
 Tel: 632-523-9223
 Email: slaureano@dof.gov.ph, sclaureano@gmail.com

Implementing Agencies

Name: Department of Agriculture
 Contact: Mr. Proceso Alcala
 Title: Secretary
 Tel: 632-929-8186
 Email: prdpnpco@gmail.com; Web Site: www.daprdp.net

VIII. For more information contact:

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**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA9342

Date ISDS Prepared/Updated: 06-Jun-2014

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Philippines	Project ID:	P132317
Project Name:	Philippine Rural Development Program (P132317)		
Task Team Leader:	Carolina V. Figueroa-Gero		
Estimated Appraisal Date:	14-Feb-2013	Estimated Board Date:	29-Aug-2014
Managing Unit:	EASPS	Lending Instrument:	Investment Project Financing
GEF Focal Area:	Multi-focal area		
Sector(s):	General agriculture, fishing and forestry sector (50%), Rural and Inter-Urban Roads and Highways (40%), Irrigation and drainage (10%)		
Theme(s):	Rural services and infrastructure (40%), Climate change (20%), Rural markets (20%), Decentralization (10%), Rural non-farm income generation (10%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	671.59	Total Bank Financing:	501.25
Financing Gap:	0.00		
Financing Source			Amount
Borrower			163.34
International Bank for Reconstruction and Development			501.25
Global Environment Facility (GEF)			7.00
Total			671.59
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	Yes		

2. Project Development Objective(s) / Global Environmental Objective(s)

A. Project Development Objective(s)

The PRDP aims to increase rural incomes and enhance farm and fishery productivity in targeted areas.

The Project will promote more inclusive rural development by supporting smallholders and fishers to increase their marketable surpluses, and their access to markets. The PRDP would also support changes in the planning, resource programming and implementation practices of the Department of Agriculture. It will facilitate the integration and financing of priority local investments derived from the DA's agricultural and fisheries modernization plans which have been developed using a value chain approach, and through a consultative process with local stakeholders.

The results indicators for the Program are: (a) at least five (5) percent increase in annual real household incomes of farmer beneficiaries and 30% increase in incomes for targeted beneficiaries of Enterprise development, (b) seven (7) percent increase in value of annual marketed output, and (c) twenty (20) percent increase in the number of farmers and fishers with improved access to DA services.

B. Global Environmental Objective(s)

The Global Environment Objective (GEO) is to strengthen the conservation of the coastal and marine resource base in targeted program areas through biodiversity conservation and fisheries resources management. This would be achieved through (i) enhancing institutional and planning capacities of LGUs and communities, (ii) providing support to MPAs in particular areas of global biodiversity significance and select fishery co-management arrangements, and (iii) sharing of knowledge and best practices.

3. Project Description

PRDP would have four inter-linked components: Local Planning, Infrastructure Development, Enterprise Development, and Program Support. The Local Planning Component will strengthen the institutional planning and budgeting modalities needed to implement the Project, while the Program Support Component will encompass the implementation aspects, including the mainstreaming and harmonizing of PRDP modalities with the Department of Agriculture's other programs. The Infrastructure and Enterprise Development Components would support small-scale producers and enterprises to increase their productivity and marketable surpluses through improvements in infrastructure, technical services and facilitated market linkages, marketing contracts and use of private sector providers, agricultural and fisheries state universities and colleges, for the delivery of extension services.

Component 1: Local Planning (US\$14.29 M equiv. IBRD&US\$1.40 M equiv. GEF grant)

a) Subcomponent 1.1: Enhancing the AFMPs Process (\$11.61 M IBRD and US\$1.40 M GEF grant). This would support the institutional reforms of the Department of Agriculture's (DA) planning, programming and budgeting processes through technical assistance, training and workshops. At the national level, processes will be developed to ensure coherence and consistency of DA agency and commodity programs with the AFMP. At the regional level, some realignment of the DA's budget programming and execution processes would be made to divest authority and accountability for AFMP implementation and budget execution to the RFOs, and to ensure that DA Technical Agencies align their support to the priorities and programs of the RAFMPs. Institutional processes will also be established to undertake joint work programming with LGUs and to administer co-financing and

fund flow arrangements with LGUs. The key intermediate results would be: (i) Enhanced Planning, Programming and Budgeting Guidelines, (ii) Harmonized Operation Manuals for Planning, Programming, and Budgeting, (iii) Enhanced/ Validated AFMP and RAFMPs, (iv) Provincial Commodities Investment Plans (PCIPs) and (v) by mid-term, updating of the AFMP and RAFMPs. GEF-financed activities would focus on incorporating measures to conserve and sustainably use biodiversity in policy and regulatory frameworks at the provincial and local levels, especially the PCIPs. In addition, improved MPA management plans and fishery co-management plans would also be financed under this component.

b) Subcomponent 1.2: Supporting AFMP Implementation (\$2.68 M IBRD). This would fund technical assistance, studies, training and workshops that will help in the design of coordinated systems of technical support for the value chains and sub projects prioritized in the PCIPs. Prior to mid-term, the key intermediate results would be the approved program agreements for PCIP technical support between the DA-RFOs and national technical agencies, as well as the evaluation of best practices for wider application on approaches for providing integrated technical support to small scale producers following the commodity value-chain approach. It will also inventory various modalities of integrated technical support delivery for pilot-testing under the Enterprise Development Component. After mid-term, it is expected that this joint annual work programming and budgeting between DA-RFOs and national technical agencies of the DA and other departments are expected to be mainstreamed and institutionalized into the regular planning and budgeting processes of the Department.

Component 2: Infrastructure Development (US\$361.71 M IBRD)

a) Sub-component 2.1: Value Chain Infrastructure Support (US\$354.47 million IBRD). This would finance infrastructure investments by LGUs supporting priority commodity value chains. Support would be provided for a flexible menu of investments, including farm-to-market roads, bridges, tire tracks, communal irrigation, potable water systems, post-harvest facilities, production facilities, fish landings, fish sanctuaries, tram lines, cold storage facilities, trading posts, green houses, solar driers, watch towers, nurseries and slope stabilization works. Cost sharing between the Department of Agriculture and the concerned LGU would be on a 90:10 basis. Provincial Governments would be responsible for the O& M of investment s. Geo-tagging would be used to facilitate planning, procurement, and monitoring of sub projects. Intermediate results would include (i) improving the links from production areas to markets to enhance the efficiency of transporting agricultural products, (ii) higher productivity as a result of increased cropping intensity and yields, and (iii) lower post-harvest losses resulting in higher volume of outputs and more efficient support infrastructure.

b) Sub-component 2.2: Approaches for Improving the Effectiveness and Sustainability of Infrastructure Investments (US\$7.23 million IBRD). Consultancy services, training, workshops, supplies and travel expenses would be provided for developing technical specifications which will improve climate resiliency and disaster risk mitigation for local infrastructure. Technical training and workshops to enhance the capabilities of DA-RFOs and LGUs will also be conducted.

Component 3. Enterprise Development (US\$100 M IBRD and US\$5.60 M GEF grant)

a) Subcomponent 3.1: Rural agri-fishery enterprise and productivity enhancement (estd. US\$90 M IBRD and estd. US\$3.36 M GEF). This would support vertical and horizontal clustering, joint business planning and investments of producer groups comprising smallholders (farmers and fishers) associations. Funding would be shared by the DA and provincial LGUs (PLGUs) on an 80:20 basis.

PLGUs would assist proponent groups through capital investments, facilities, inputs and technical assistance. Funding for enterprises would range from PhP 1 million to 10 million with proponent groups contributing an amount equal to at least 20% (in cash or in kind) of the incremental enterprise cost. GEF support will be catalytic in terms of ensuring that biodiversity conservation and coastal resources co-management arrangements are included in the determination of interventions needed to support commodity value chains. The types of activities supported at each GEF target site will be adapted based on regional and local needs. Specific activities will be selected at the site level based on the information generated by the VCA, PRA-RSA, and GEF Tracking Tools.

b) Subcomponent 3.2: Technology and Information for Enterprise and Market Development (US \$10M IBRD and US\$2.24M GEF). This would complement the enterprise sub-project development under Component 3.1 through technical assistance including support for GEF-supported activities. A particular focus would be on facilitating vertical and horizontal integration and include trade facilitation, trial shipments, assistance in preparing market contracts; market promotion, field days, trade fairs and caravans, cross visits, training and workshops. New and sustainable technologies and approaches would be introduced in collaboration with agencies such as the Department of Science and Technology (DOST), the International Rice Research Institute (IRRI), and State and Private Universities and Colleges. Technical assistance requirements would be determined as part of the annual PCIP process and would be provided by DA agencies or contracted by the Province with private service providers based on available expertise. Program Agreements would be used as a temporary instrument to provide the incentive for DA agencies to tailor their services to local needs, until planning and budgeting guidelines are issued (see Component 1.2).

Component 4: Program Support (US\$24M IBRD). This would support the day-to-day coordination, implementation, monitoring and evaluation of the PRDP across each of the 16 regions of the country. The management support will follow the system that has worked well in Mindanao for MRDP2. Under PRDP, expansion to include the rest of the country (Central & Northern Philippines) has entailed the establishment and mobilization of a National Program Coordination Office (NPCO), additional Project Support Offices (PSOs) for Visayas and Luzon, and designation of staff to Regional Program Coordination Offices (RPCOs) for Luzon and Visayas. Technical assistance, training, workshops, equipment and incremental operating costs would also be supported.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The PRDP will be implemented nationwide, in all 16 regions of the Philippines. In general, sub projects will be located in rural, agricultural and coastal areas of Luzon, Mindanao and Visayas islands. Some sub projects will be located in areas with indigenous people or in areas that have been declared as the ancestral domain of certain indigenous people groups.

5. Environmental and Social Safeguards Specialists

Josefo Tuyor (EASDE)

Jonas Garcia Bautista (EASPS)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	The Program will fund rural infrastructure, agri-enterprise development sub projects and technical assistance to the Department of Agriculture (DA) and Local Government Units (LGUs). These

		activities are expected to have environmental and social impacts, hence the policy is triggered.
Natural Habitats OP/BP 4.04	Yes	Given that the sub projects are implemented nationwide, most of which will be identified during implementation, it is highly likely that some sub projects would affect natural habitats, hence this policy is triggered. However, the Project will not finance sub projects that would significantly degrade or convert critical natural habitats. The Project however will support sub projects that would improve the management of natural resources such as near shore marine areas by supporting community-managed marine protected areas, fish sanctuaries, mangroves and coral reef rehabilitation.
Forests OP/BP 4.36	Yes	The policy is triggered as the Project may fund mangrove rehabilitation as part of its support to coastal/marine resource management. Other NRM activities that will benefit existing forests may also be financed.
Pest Management OP 4.09	Yes	The project will fund crop production and post-harvest activities which may inevitably involve use of pesticides, although the project itself would not finance purchase of pesticides. Use of pesticides may also increase in PRDP-supported areas when commercial production increases in these areas. For these reasons, the policy is triggered.
Physical Cultural Resources OP/BP 4.11	No	The PRDP is unlikely to affect any physical cultural resources.
Indigenous Peoples OP/BP 4.10	Yes	Sub projects could be located in areas where there are IP communities or in areas declared as ancestral domain of certain IP groups. IPs are often socially and economically marginalized and there is a possibility that they would be unable to participate and share the benefits of the Project if measures are not properly in place.
Involuntary Resettlement OP/BP 4.12	Yes	Rural infrastructure sub projects may involve involuntary land acquisition which in rare cases may entail displacement of homes and/or livelihood. Crops and properties may also be damaged or temporarily affected by construction activities and farm owners would need to be justly compensated.
Safety of Dams OP/BP 4.37	Yes	The PRDP will finance communal irrigation systems which may involve dam construction or

		rehabilitation. These dams will be small dams as defined under OP 4.37 (i.e., dams with height of less than 15 meters) and most likely be ogee weirs for run-of-river irrigation systems or dirt dams for small water impounding.
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

OP/BP4.01 (Environmental Assessments) - The project is not expected to have large scale, significant and/or irreversible impacts based on the actual experience of implementing the First and Second Mindanao Rural Development Projects (MRDP1 and MRDP2), which are the predecessors of PRDP. The types and nature of sub projects to be supported are assessed to cause localized and temporary environmental and social impacts, which can be readily mitigated through proper planning, design and engineering measures. These impacts include loss of vegetation, soil erosion and sedimentation of waterways, and elevated levels of noise and dust during construction. The same types and magnitude of impacts have been assessed in the PRDP year-1 sub projects.

OP/BP 4.09 (Pest Management) – It is a policy of the Philippine Department of Agriculture not to fund purchase of pesticides hence the project will not be financing the procurement and purchase of chemical pesticides. However, the Project could indirectly result in increased use of pesticides. The Project will be financing crop and animal production, post-harvest handling and processing enterprises which may involve the use of pesticides from time to time using other sources of funds. Also, pesticide use may increase over time in the influence areas of infrastructure sub projects as commercial production increases in these areas due to improved market access. The increase in pesticide usage, however, is likely to be mitigated by the promotion and support of DA’s Integrated Pest Management Program through the KASAKALIKASAN program under PRDP.

OP/BP 4.04 (Natural Habitat) – Based on experience with MRDP1 and MRDP2, rural infrastructure may affect natural habitats during construction. The year 1 Infrastructure sub projects have been assessed and for sub projects which will affect natural habitats, the EMP includes measures to address such impacts.

OP/BP 4.36 (Forests) – The World Bank Policy on Forests was not triggered under MRDP1 and MRDP2. However, experiences under these projects indicate that the PRDP’s support to natural resource management would include management and rehabilitation of mangrove areas and watersheds, which may change and improve the management regimes of these areas.

OP/BP 4.37 (Safety of Dams) – MRDP2 did not trigger this policy. However, based on MRDP2 experience, there will be sub projects that would involve construction or rehabilitation of ogee weirs for run-of-river irrigation systems. It was observed that small run-of-river diversion dams do not really impound large volumes of water. The safety issues for these dams often relate to

accidental drowning of children at intake and the ogee weirs which are sometimes used by residents as footpaths to cross rivers. The same issues are expected under PRDP. The Borrower has indicated that the Project may fund water impounding dams of up to less than 15 meters in height; the safety concerns would now also include potential breach of dam structures. Based on assessments done, none of the proposed year 1 sub projects have so far involved dams.

OP/BP 4.10 (Indigenous Peoples) – Under MRDP2, minority groups were purposively targeted as beneficiaries of the project to fulfill the project's poverty alleviation objectives. This would no longer be done under the PRDP. However, under PRDP, sub projects located in areas where there are IP communities would be undertaken in accordance with the Indigenous Peoples Framework which was implemented quite successfully under MRDP and now has been enhanced for PRDP use.

OP/BP 4.12 (Involuntary Resettlement) – Based on MRDP1 and MRDP2 projects, there will be a few infrastructure sub projects that would require physical relocation of residents, particularly where there are no alternative sites such as in the construction of bridges and roads near the village centers. Under MRDP2, almost all sub projects have required land or right-of-way acquisition and only two have required physical relocation of households. All of the year 1 sub projects have involved minor land acquisition and/or updating and firming up of the documentation of existing right-of-ways but none will involve displacement of homes or livelihoods.

Procedural and Capacity Issues – Since social and environmental safeguards for this project would rely on frameworks, the greatest challenge would be the establishment of an internal system of screening, assessment, planning, review and approval of sub projects on safeguard aspects and the building of capacities within the various units of the project organization to implement safeguards system. These will be addressed through enhanced staffing for safeguards, capability trainings, and close supervision and monitoring, especially in the first two years of the project.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The indirect and long term impacts would include: (i) potential agricultural encroachment into forest areas where farm-to-market roads will be rehabilitated and/or built; and (ii) potential increased use of pesticides due to increased commercial production in project-supported areas. The LGUs and RPCOs need to be aware of these potential impacts. In very critical areas such as upland areas near public forests, LGUs would be required to submit sustainable agriculture development/watershed management plans and to implement measures to prevent further human encroachments into the forests. LGUs are also required to avail of the Department of Agriculture's Integrated Pest Management – Farmer Field School (IPM-FFS) program, which the project will support.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The Project has adopted a set of general policies pertaining to the types and location of infrastructure or development in the project areas, which were formulated under MRDP2. These policies will guide LGUs on the proper use of the uplands, lowlands, and coastal areas. In addition, alternatives will be considered at the sub projects level. All sub projects are subjected to social and environmental screening in order to encourage LGUs to consider various environmentally and socially sound alternative sites and subproject configurations.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an

assessment of borrower capacity to plan and implement the measures described.

The Borrower has developed an Environmental and Social Safeguards Framework (ESSF) which builds on the existing MRDP2 frameworks and instruments. Included in this ESSF document are the Environmental Management Framework and Guidelines (EMFG), the Indigenous Peoples Policy Framework (IPPF), the Land Acquisition, Rehabilitation and Resettlement Framework (LARRF) and the Grievance Redress Mechanism Framework (GRMF). These frameworks would govern the processes and procedures, and documentary requirements in the validation, screening, preparation, evaluation, approval and monitoring of sub projects in order to ensure compliance with the various applicable Safeguard policies of the World Bank.

The EMFG is designed to ensure that PRDP sub projects comply with the Philippine Environmental Impact Statement Law (P.D. 1586) as well as the World Bank policies on Environmental Assessment (OP/BP 4.01), Natural Habitat (OP 4.04), Forests (OP 4.36), Pest Management (OP 4.09) and Safety of Dams (OP 4.37) which are triggered in PRDP. It contains: (i) general policies pertaining to types and locations of agricultural development; (ii) technical environmental guidelines and design specifications for the most common sub projects; (iii) detailed description of the documentary requirements and the processes and procedures for screening and evaluating the environmental aspects of subproject proposals; the procedures were designed to facilitate compliance and ensure sub projects are cleared of safeguards requirements before being approved for implementation; (iv) guidance in preparing and evaluating the environmental aspects of subproject proposals; and (v) various forms and templates. Under the EMFG, participating LGUs are encouraged to adopt land use and protection policies which would help determine the types and locations of agricultural development in their areas. All Sub project proposals will undergo environmental and social screening to determine their eligibility and the applicable safeguard requirements vis-à-vis other World Bank safeguard policies, and to determine coverage under the Philippine Environmental Impact Statement (EIS) law (PD 1586). Sub projects that are deemed covered under the Philippine EIS law be required to secure Environmental Compliance Certificate (ECC) from DENR. For sub projects deemed not covered under the PD 1586, the Feasibility Studies of these sub projects shall include sections on Environmental and Social Assessments which shall be the bases for the preparation of sub project's Environmental and Social Management Plans (ESMPs). The Environmental and Social Assessment sections of the FS will include assessments of impacts to natural habitats, forests, pesticide use, physical cultural properties, involuntary resettlement and land acquisition and Indigenous People. The mostly localized impacts of construction will be mitigated through strict adherence to guidelines in terms of site selection, technical and engineering design and adoption of measures in operations and maintenance systems. The required management measures of the applicable safeguard policies will also be reflected in the ESMPs. The EMFG also provides for the following requirements:

(a) Pest Management. Sub projects proposals which involve procurement of chemical pesticides using Project funds (i.e. including proponent's equity) shall be ineligible for funding, consistent with the policy of the Department of Agriculture. The potential increase in use of pesticide will be addressed through the promotion and support of Integrated Pest Management system under the DA's successful KASAKALIKASAN program, which is already widely practiced in the Philippines. Hence, no separate Integrated Pest Management Plan for the Project was prepared. For sub projects that would require regular application of pesticides, beneficiaries will be required to attend a seminar on the proper use, handling and storage of pesticides and IPM.

(b) Natural Habitat. Sub projects that would significantly convert or degrade critical natural

habitats shall not be eligible for PRDP funding. The EMFG includes provision for screening of sub projects for impacts on natural habitats and measures to address these impacts.

(c) Forests. The EMFG has the provisions for screening of sub projects for impacts on forest, forest health and forest-dependent communities and measures in case impacts arise.

(d) Safety of Dams. Only small dams as defined in OP/BP 4.37 will be eligible for funding which include dams of less than 15 meters in height. Proposals for dams of up to 10 meters will follow the procedures outlined in the EMFG, while those which are more than 10 meters to less than 15 meters in height would need to follow the procedures outlined in OP/BP 4.37 and would require prior evaluation and approval from the Bank. All dams that qualify for funding should be designed and supervised by a qualified engineer. The environmental assessment section of the feasibility studies of sub projects involving dams shall include a brief risk assessment of dam failure and impacts on environment and on downstream communities and assets with corresponding mitigating measures reflected in the ESMP. Moreover, sub projects involving dams should submit dam safety plans which should include measures against accidental drowning at dam sites.

(e) To address the inadequacy of skills in assessing and reviewing environmental and social aspects of sub projects, a guideline for preparing and reviewing the Environmental and Social Assessment section of the Feasibility Studies have been developed while ESMP templates have been developed for the most common infrastructure sub projects based on MRDP2 experience. In particular, the ESMP template for FMRs ensures that slope stabilization measures are applied on critical road slopes, road safety issues are considered in the design including installation of guard rails or planting of hedge rows while the impacts of quarrying and damage to existing roadway are assessed and addressed accordingly. The ESMP template for irrigation ensures that Schistosomiasis control and prevention and concerns for accidental drowning at dam sites and deep canals are addressed.

Based on the social assessment conducted during the preparation of MRDP, indigenous peoples are often socially and economically marginalized in the areas where they are a minority. Unlike the First and the Second MRDP, PRDP will not purposively target IP communities. Instead, under the IPPF prepared by the Borrower, the Project will ensure that: (i) IP communities in the regions and provinces are able to meaningfully participate in the conduct of I-PLAN activities, including the preparation of the Provincial Commodity Investment Plans (PCIPs); (ii) the selection, screening and preparation of sub projects under the infrastructure and enterprise development components will be undertaken with the involvement and participation of the IP communities in the target areas in partnership with National Commission on Indigenous People (NCIP) and the Local Government Units; and (iii) whenever the proposed subproject site is located within or will directly impact on any declared or proposed ICC/IP Ancestral Domain, the requirements for government-sponsored development projects under the Indigenous Peoples Rights Act (IPRA) as stipulated in the Free and Prior Informed Consent (FPIC) Guidelines (i.e. NCIP Admin Order No. 1 Series of 2006 or its successor issuances) are complied with. Otherwise, if the project site is situated outside any declared or proposed Ancestral Domain but nevertheless will directly affect and/or benefit any ICC/IP community or communities, a “free and prior informed consultation” is undertaken, resulting in “broad community support” for the subproject. An IPP will be required where the affected/benefited ICC/IP community is not the proponent or constitute only a minority of the proponents of the Subproject. Environmental and Social Screening will determine whether a subproject would require an Indigenous Peoples Plan (IPP). To guide IPP preparation, an IPP template has been developed and provided as an Annex in the ESSF.

The LARRF on the other hand, will ensure that all involuntary losses (i.e. whether lands, structures, crops or other properties) of project-affected persons (PAPs) are properly and justly compensated and all those who are displaced (whether physically or economically) are resettled and/or provided with assistance to improve, or at least maintain, their pre-Project living standards and income earning capacities. The LARRF prepared by the Borrower spells out the documentary requirements and the processes and procedures to be followed in securing sites and easement for sub projects and in compensating project-affected persons for any damaged crops or properties. Under the LARRF, subproject proponents are required to conduct and submit the results of PAP and entitlement survey, conduct and submit evidences of consultations with the PAPs regarding their compensation, and proper land acquisition documents. A Resettlement Action Plan (RAP) would be required whenever there are PAPs to be physically or economically displaced by the subproject.

The Grievance Redress Mechanism Framework (GRMF) for the Project requires that a Grievance Redress Mechanism shall be set up within each participating LGU which shall conform to the Framework and which shall serve all components and activities of the Project being undertaken within the LGU, including implementation of any RAP. The framework which can be found in the PRDP ESSF outlines the key aspects of the grievance redress process from submission to the resolution of complaints.

The PRDP will be implemented by the Department of Agriculture (DA) and participating provincial and local government units all over the country. In terms of the preparation and implementation of safeguards, the accountability would rest primarily on the concerned LGUs with DA providing technical support and oversight. For sub projects under Component 3.1, while sub project implementation will rest primarily with the proponent beneficiary groups, safeguards preparation and implementation will still be the main responsibility and accountability of the concerned LGUs. Within DA, three (3) additional Program Support Offices (PSOs) will be organized, one for Visayas and two for Luzon. The existing Mindanao Rural Development Project PSO will eventually be absorbed under PRDP to serve the Mindanao regions. These PSOs will be responsible for orchestrating project activities and providing support to participating DA Regional Field Offices (RFOs) within the three main island groups. To facilitate project coordination at the region, a Regional Program Coordinating Office (RPCO) has been organized in each of the sixteen (16) DA RFUs. Except for Mindanao, environmental and social safeguard capacities of these RFOs are still weak. For these RFOs, the Project has provided staffing complement for safeguards in the RPCOs, which are being trained and oriented in the past year on the basic elements of safeguards frameworks and guidelines, environmental and social assessments, subproject screening, preparation, review and approval process, as well as the preparation of ESMPs. DA has already designated Safeguards focal persons for the NPCO, PSO and RPCOs. Consultations on the ESSF have been conducted among DA-RFUs and LGUs in various regions of the country from October 8, 2012 to June 2014. The ESSF has been updated and integrated into the Project Operations Manuals.

The Borrower has already prepared the safeguards documents for Year 1 sub projects following the existing subproject preparation and approval processes outlines in the Operations Manuals. These safeguards documents which include ESMPs, PAP and entitlement survey results, land acquisition documents and IP endorsements where applicable, have been disclosed at the LGUs and at the MRDP and PRDP websites (www.damrdp.net and www.daprdp.net). None of the year-1 sub projects thus far has caused physical or economic dislocation and hence, no RAP has been

required.
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
<p>During project preparation, an institutional and stakeholder assessment (ISA) was conducted nationwide through focused group discussions and interviews involving about 2,000 representatives of government agencies, private sector, civil society and rural farming and fisher communities which include subsistence and commercial smallholders and fishers, women and a sample of IP groups. During the discussions, the stakeholders have voiced out their needs and constraints and these were considered in the project conceptualization and overall project design. The project is expected to benefit women and indigenous peoples (IPs). IP areas would be covered by the Project while enterprise development and the business aspects of farming and post-harvest handling and processing, which are roles traditionally played by women in the Philippines will be supported. PRDP will also employ participatory approaches in the planning of interventions at the regional and local levels, particularly in the value chain analyses and resource assessments which would input into the formulation of the Provincial Commodity Investment Plans. The Project will also continue to use the same participatory approach which has been proven effective in MRDP in the identification and preparation of sub projects of LGUs and communities. Project-affected persons will be consulted and compensated following the Land Acquisition Rehabilitation and Resettlement Framework.</p>

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	06-Jun-2014
Date of submission to InfoShop	06-Jun-2014
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Philippines	05-Jun-2014
<i>Comments:</i> Posted in the Department of Agriculture's website (www.da.gov.ph), MRDP and PRDP websites (www.damrdp.net and www.daprdp.net).	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	06-Jun-2014
Date of submission to InfoShop	06-Jun-2014
"In country" Disclosure	
Philippines	05-Jun-2014
<i>Comments:</i> Posted in the Department of Agriculture's website (www.da.gov.ph), MRDP and PRDP websites (www.damrdp.net and www.daprdp.net).	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	06-Jun-2014
Date of submission to InfoShop	06-Jun-2014
"In country" Disclosure	
Philippines	05-Jun-2014
<i>Comments:</i> Posted in the Department of Agriculture's website (www.da.gov.ph), MRDP and PRDP websites (www.damrdp.net and www.daprdp.net).	

Pest Management Plan	
Was the document disclosed prior to appraisal?	NA
Date of receipt by the Bank	NA
Date of submission to InfoShop	NA
"In country" Disclosure	
<i>Comments:</i>	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats	
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
OP 4.09 - Pest Management	
Does the EA adequately address the pest management issues?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Is a separate PMP required?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
OP/BP 4.10 - Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Sector Manager?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]

OP/BP 4.12 - Involuntary Resettlement		
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.36 - Forests		
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Does the project design include satisfactory measures to overcome these constraints?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.37 - Safety of Dams		
Have dam safety plans been prepared?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
The World Bank Policy on Disclosure of Information		
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies		
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader:	Name: Carolina V. Figueroa-Gero	
Approved By		
Sector Manager:	Name: Ousmane Dione (SM)	Date: 06-Jun-2014